

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON, D.C.  
20508

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**FOR IMMEDIATE RELEASE**  
**NOVEMBER 22, 1997**

**97-98**  
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**U.S. TRADE REPRESENTATIVE CHARLENE BARSHEFSKY**  
**ENDORSES APEC MARKET-OPENING INITIATIVES**

**Vancouver, B.C. --** APEC Trade Ministers asserted their leadership in promoting the opening of world markets when they agreed today to pursue accelerated market opening initiatives in a number of strategic and commercially significant sectors. The Trade Ministers' Statement specifically identifies fifteen areas of trade, nine of which call for APEC Members to finalize plans in the first half of 1998 to cut tariffs and other barriers to trade, with implementation of market-opening initiatives to begin in 1999.

The package selected for immediate action includes tariff and other trade barrier-cutting initiatives for environmental goods and services, medical equipment, chemicals, energy, forest products, fish and fish products, toys, gems and jewelry, as well as a Mutual Recognition Agreement (MRA) for telecommunications products and systems among APEC Members. In pursuing and concluding these sectoral initiatives, the Ministers will work to secure participation of key countries beyond APEC to ensure the needed critical mass of participants, limiting free-riders, and where appropriate, bring these trade initiatives into the WTO.

In six other sectors -- oilseeds and oilseed products, food products, natural and synthetic rubber, fertilizers, automotive, and civil aircraft -- APEC Members will continue to develop proposals for review by Ministers next June, for possible action by APEC Leaders next November.

"Taken together, these measures reinforce the fact that APEC can be the catalyst for significant world-wide market opening initiatives, as it was with the ITA last year," said U.S. Trade Representative Charlene Barshefsky. "APEC is a huge market, and these global market-opening initiatives give us a big bang for the buck commercially within APEC, and real leverage to achieve

these market openings globally. What we have agreed to today demonstrates APEC's commitment to continue to play a leadership role in opening world markets."

The Ministers agreed that the initiatives would be developed and concluded on the basis of existing detailed proposals. The sectoral market-opening package builds upon APEC's initiative last year to substantially eliminate tariffs on information technology products by the year 2000. The ITA, which was formally endorsed by just nine APEC members at last year's meeting, was later adopted at the Singapore WTO Ministerial and now includes 43 countries (including 13 of 18 APEC Members), encompassing \$500 billion in global trade . APEC Ministers also pledged their support to complete ITA II next summer which will expand product coverage, allow additional countries to join the agreement, and address non-tariff barriers to technology trade.

APEC Trade Ministers also committed to a work plan on the range of issues affecting Global Electronic Commerce, stressing the importance of a predictable and consistent environment for electronic commerce in all APEC economies. The Statement also highlights the growing importance of biotechnology trade in agriculture, and intensifies APEC work on pursuing science-based approaches to the introduction and use of biotechnology products.

## **APEC Factsheet: The Immediate Action Package**

Detailed market-opening plans in the following areas will be concluded by the first half of 1998, aimed at beginning implementation in 1999:

### **Environmental Services and Technology**

APEC commitments to open-up trade in this rapidly-growing sector will deliver substantial opportunities for U.S. companies. Global production of environmental technology and services is currently estimated at \$420 billion annually. Data for 1994 showed average market growth rates for environmental goods and services in APEC countries between 4% for Japan to a high of 20% for some developing economies.

The U.S. environmental technology industry employed an estimated 1.3 million Americans in 1995, with domestic revenues of \$180 billion. Industry estimates that U.S. exports in this sector in 1995 were \$14.5 billion. Though the United States is the world's largest exporter of environmental technology, exports currently account for just 8% of total industry revenues. The United States thus has substantial potential for the rapid increase of environmental goods and service exports-- particularly with a successful sectoral agreement to open major foreign markets.

### **Medical Equipment and Instruments**

The lowering of tariff barriers on medical devices and scientific instruments has the potential to increase trade and reduce health care costs on a global basis. This agreement will facilitate the free flow of medical technology products and contribute to cost-effective health care in all economies.

The United States has a broadly diversified industry that is the world leader in the production of all major product areas, including surgical and medical instruments; orthopedic and prosthetic appliances; and measuring and testing instruments. Industry estimates that in 1996, the U.S. industry accounted for nearly 50 percent of global production of medical devices.

Last year, the United States exported about 20 billion dollars in medical devices and scientific instruments, or over 26 percent of world trade in these products. Demand for medical technology has skyrocketed in recent years in APEC economies, with annual growth in consumption estimated at 19 percent or higher in key markets. Last year, about half our exports went to APEC economies, particularly Korea, Taiwan, Singapore, Thailand, Malaysia, and China. Currently, over 400,000 U.S. workers are employed in the production and exportation of medical equipment and scientific instruments. Strong export growth in this sector will significantly expand the number of these high technology jobs in the United States.

## **Chemicals**

Virtually every manufactured product -- from automobiles to zippers -- depends on thousands of kinds of chemicals. Food, clothing, shelter, health care, transportation -- and every other facet of modern life - are all dependent on a modern, high-tech chemical compounds. The United States is a highly competitive producer of chemical products and will benefit substantially when foreign consumers of U.S. chemical products can purchase U.S. products at more competitive rates.

For years, chemicals have been among the largest areas of U.S. exports, supplying over \$1 of every \$10 of U.S. goods exports and earning large trade surpluses (\$163 billion over the past ten years). U.S. chemical exports were \$61.8 billion in 1996, with a trade surplus of \$16.9 billion. Employment in 1996 was 1.03 million. These workers are highly skilled and take home one-third more pay per week than the average for U.S. manufacturing workers as a whole.

## **Energy Sector Goods and Services**

Opening-up trade in energy-related equipment and services will materially contribute to expanded installation of energy supply systems around the world. Shipments of energy equipment totaled \$51.6 billion in 1995 and the industry employs about 350,000 workers. U.S. exports of energy-related equipment are conservatively estimated at over \$15 billion per year (1996) with a trade surplus of \$6.5 billion. Exports account for an estimated 34 percent of total energy equipment shipments by U.S. producers. By 2005 -- with good trade agreements in place -- exports are expected to exceed U.S. production for domestic consumption.

## **MRA on Telecommunications Equipment**

A significant portion of telecommunications equipment is the subject to regulatory approval. This proposal will reduce the costs and speed up the process of product approvals, thus facilitating trade and enhancing the benefits expected from the tariff elimination on this equipment under the Information Technology Agreement. The proposal will reduce the number and overlap of steps necessary to satisfy importing countries' approval processes. It would allow exporters to pre-test and certify equipment to an importing economy' mandatory technical requirements.

The U.S. industry additionally favors an MRA as a means of coping with ever-shortening product life cycles. The U.S. telecommunications equipment industry employed 216,000 workers in 1995. Exports from the U.S. of telecommunications equipment amounted to \$15 billion in 1996. Shipments by the industry are expected to increase by about 8% in constant dollar value in 1997.

## **Forest Products**

Free trade in forest products is good for the consumer and good for business. Reducing barriers to trade in wood products will provide more abundant and less expensive housing. On the paper side, improved access to more affordable packaging and printing materials will lower manufacturing costs and prices. More open trade in forest products supports improved forest

management practice that are under discussion in various fora; conversely, current tariff levels on forest products contribute to the inefficient uses of valuable forest resources.

In 1996, the United States exported \$29 billion of products covered by this initiative and could further expand exports, if trade barriers were reduced. The U.S. forest products industry accounts for nine percent of total U.S. manufacturing output and ranks sixth in size among manufacturing industries. Products covered in the initiative account for 3.2 million U.S. jobs, with 1.4 million in wood and paper, 1.6 million in printing and publishing and 200,000 in furniture.

### **Fish and Fish Products**

This initiative will ensure that trade can continue to develop and benefit of all APEC economies, consistent with cooperation to secure greater certainty of future fisheries resources. The United States is the second largest exporter of fisheries products in the APEC. Some 86% of U.S. fisheries exports in 1996 (\$3.0 billion ) were shipped to APEC economies. The current trend of rapidly increasing exports to APEC economies other than Japan is expected to continue, reflecting the rapid growth of standards of living and disposable income in the region. This accord will eliminate tariffs, as high as 55% in some economies, and a panoply of non-tariff measures including licensing requirements, import quotas, and standards which restrict market access. The elimination of subsidies which have the effect of distorting investment and market conditions will have a positive impact in reducing the current problem of overcapacity, resulting in better resource management and their sustainability.

### **Toys**

U.S. tariffs on toys are already at zero, as a result of the Uruguay Round, as are others in APEC and the WTO who joined the Uruguay Round zero for zero initiative for toys, other still have tariffs of about 10-30%. The removal of tariffs on toys by other countries will increase business opportunities for producers, distributors, and investors, and increase choice and lower prices for consumers.

The U.S. toy industry employed 38,000 workers in 1995. About 30,000 of these were production workers. U.S. toy manufacturers are among the most competitive in the world. U.S. exports of toys totaled \$898 million in 1996. The American toy industry is very supportive of this initiative.

### **Gems and Jewelry**

Total U.S. output of jewelry in 1996 is estimated at \$5.7 billion. The United States exported \$392 million of precious metal jewelry in 1996, as well as \$152 million in costume jewelry. The U.S. jewelry employs an estimated 76,000 jobs, mainly in small companies. APEC imports of gems and jewelry were about \$6.7 billion.